



A STUDY ON FINANCIAL PERFORMANCE ANALYSIS OF HCL TECHNOLOGIES LTD

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ABSTRACT

The Term Financial Analysis refers to process of determining the firm’s strength and weakness. The study is done by establishing the relationship between the items of the company profit and loss account and balance sheet. The study is done by analyzing Six years financial statement of HCL technologies. The data is Secondary data and main objective of the study is to find the financial analysis of the company and also to help in finding the growth of the company. There are various tools used in the study is current ratio, Liquid ratio, net profit ratio, gross profit ratio, return on asset ratio, proprietary ratio, Total asset turn over ratio, Inventory turnover ratio.

KEYWORD: *Analysis, Growth, Income*

1. INTRODUCTION

Information technology (IT) industry in India has played a key role in putting India on the global map. The industry has helped India transform from a rural and agriculture-based economy to a Knowledge based economy. Information Technology has made possible information access at gigabit speeds. Finance may be defined as the art and science of managing money. It includes financial services and financial instruments. The concepts of finance include capital, funds, money and amount, but each word is having unique meaning. Studying and understanding the concept of finance become an important part of the business concern.

2. STATEMENT OF THE PROBLEM

A financial analysis reveals strength and weakness of the company by properly establishing the relationship between the items of balance sheet and profit and loss account. The efficient performance of the firm depends on the well planning

of the capital structure, investment and distribution. Any firm that fails to apply the sound principles of cost control and fails to adopt the scientific tool of investment and distribution in managing funds will not be lasting in the long run. Since finance is the life-line and essential driving force of an enterprise, the importance of the timely appraisal of the performance of the firm cannot be ignored. This study is conducted to evaluate the financial performance of HCL technologies and to know the company’s position and performance.

3. OBJECTIVES OF STUDY

- To study the financial position of HCL Technologies Ltd over a period of six years.
- To analyze the profile of HCL Technologies Ltd.
- To analyze the profitability position of the company by evaluating the financial statement.

4. RESEARCH METHODOLOGY

Period of study	2014-2020
Source of data	Secondary data
Tools and techniques	Ratio analysis
Framework of analysis	Financial statement



5. STATISTICAL TOOL

- Liquidity ratio
- Solvency ratio
- Profitability ratio
- Activity ratio

6. REVIEW OF LITERATURE

Anil Kumar Goyal (2020): 'A Study on financial performance analysis of Bharat petroleum corporation India' The author uses profitability, liquidity and solvency ratio for analysis of the company's financial performance. The study covers the period of study from 2004-2005 to 2011-2012. and concluded that the company was unable to even touch the ideal quick ratio during the period of study which may create problem to the short-term liquidity.

Haitham Nobanee (2020): 'A Study on financial performance on dell technologies. The author had made the study to analysis company financial position with data collected from yahoo finance for the period of 2015-2016 to 2018-2019. The Analysis consists of four different ratios and made up a suggestion to increase company's financial stability and to reduce the impact of stating the occurrence of unfavorable incidences to minimize the negative impact on investors.

Anil Kumar Goyal (2020): 'A Study on financial analysis of Indian oil corporation' Financial analysis is the art and science of examine and drawing interference from the financial statement. The study is based on secondary date collected from company annual report for the period of five years from 2005-2006 to 2011-2012. The analysis was been made on gross profit ratio, net profit ratio, EPS, debt-equity ratio to and concluded the profitability position of the company cannot be said satisfactory because the gross profit ratio varies from the average.

7. FINDINGS

1. Current ratio of the company was highest 4.25 in the year (2015-2016) and lowest 1.69 in the year (2019-2020).
2. Liquid ratio of the company was highest 3.78 in the year (2015-2016) and lowest 1.69 in the year (2019-2020).
3. Gross profit ratio of the company was highest 46.63% in the year (2014-2015) and lowest 40.27% in the year (2019-2020).
4. Net profit of the company was highest 36.99% in the year (2014-2015) and lowest 27.50% in the year (2019-2020).
5. Return on asset of the company was highest 25.47% in the year (2014-2015) and lowest 16.75% in the year (2019-2020)
6. Proprietary ratio of the company was highest 0.84 in the year (2017-2018) and lowest 0.70 in the year (2019-2020).

7. Inventory turnover ratio of the company was highest 2329 in the years of (2019-2020) and lowest 104.5 in the year (2015-2016).
8. Asset turnover ratio of the company was highest 69.44 in the year (2018-2019) and lowest 50.52 in the year (2019-2020).

8. SUGGESTIONS

The performance of HCL Technologies during the study was found some good and weakness.

- The firm have low current ratio so it should increase its current ratio where it meet its short-term obligation smoothly.
- To increase its liquidity, company should keep some more cash in its hand instead of giving more advances. This will improve the liquidity position
- The company need to focus on decreasing the liabilities and long -term debt as to avoid the continuous losses.
- They should improve the efficiency at converting sales into actual profit
- The net profit of the company was decreased last year when compare to other years so they need to focus expenditure to increase the profit.
- They should focus on the shareholders fund as to increase the company proprietary ratio and to increase the company goodwill.

9. CONCLUSION

The analysis of the company was undertaken with the help of ratio, which are important tools of financial analysis. The company's performance is satisfactory, and the study gives clear idea of financial performance of the company over last six years. As the maintain good sales but was not effective on profit and to avoid debts so that they can increase company profit and also to Look forward on shareholders fund which will increase the company goodwill. Hence if a given suggestions are implemented, the company can increase its profitability and improve their overall performance

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